

***VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO***

AUDIT REPORT

For the Years Ended December 31, 2009 and 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Village Council
Village of Peninsula
P.O. Box 177
Peninsula, Ohio 44264

We have reviewed the *Report of Independent Accountants* of the Village of Peninsula, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Peninsula is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2010

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**VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO**

**AUDIT REPORT
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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Rockefeller Building
614 Superior Avenue, Suite 1242
Cleveland, Ohio 44113
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Peninsula
Summit County
1582 Main Street
P.O. Box 177
Peninsula, Ohio 44264-0177

To the Village Council:

We have audited the accompanying financial statements of the Village of Peninsula (the Village), Summit County, Ohio as and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Village of Peninsula, Summit County as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
May 24, 2010

**VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2009**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Other Local Taxes	\$ 12,247	\$ 99,685	-	\$ 111,932
Municipal Income Taxes	284,421	-	-	284,421
Intergovernmental	136,017	52,200	\$ 87,364	275,581
Charges for Services	181,280	-	-	181,280
Fines, Licenses, and Permits	69,613	4,456	-	74,069
Earnings on Investments	847	5	-	852
Miscellaneous	12,857	-	-	12,857
Total Receipts	697,282	156,346	87,364	940,992
Disbursements:				
Current:				
Security of Persons and Property	408,407	42,642	-	451,049
Public Health Services	6,891	-	-	6,891
Community Environment	5,562	-	-	5,562
Transportation	103,441	49,036	-	152,477
General Government	177,015	8,628	-	185,643
Capital outlay	-	-	66,737	66,737
Total Disbursements	701,316	100,306	66,737	868,359
Excess of Receipts Over/(Under) Disbursements	(4,034)	56,040	20,627	72,633
Other Financing Sources:				
Transfer-In	-	25	-	25
Transfer-Out	(25)	-	-	(25)
Advances-In	-	7,050	-	7,050
Advances-Out	(7,050)	-	-	(7,050)
Total Other Financing Sources	(7,075)	7,075	-	-
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(11,109)	63,115	20,627	72,633
Fund Balance January 1, 2009	50,904	22,795	1,244	74,943
Fund Balance December 31, 2009	\$ 39,795	\$ 85,910	\$ 21,871	\$ 147,576
Reserve for Encumbrances, December 31, 2009	\$ 4,890	\$ 38	\$ -	\$ 4,928

See accompanying Notes to the Financial Statements.

VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Other Local Taxes	\$ 18,624	\$ 101,598	-	\$ 120,222
Municipal Income Taxes	316,244	-	-	316,244
Intergovernmental	157,600	39,406	-	197,006
Charges for Services	172,598	-	-	172,598
Fines, Licenses, and Permits	66,533	4,572	-	71,105
Earnings on Investments	1,394	5	-	1,399
Miscellaneous	11,479	-	-	11,479
Total Receipts	744,472	145,581	-	890,053
Disbursements:				
Current:				
Security of Persons and Property	427,174	62,221	-	489,395
Public Health Services	6,881	-	-	6,881
Community Environment	12,726	-	-	12,726
Transportation	90,134	86,695	-	176,829
General Government	180,706	14,891	-	195,597
Total Disbursements	717,621	163,807	-	881,428
Excess of Receipts Over/(Under) Disbursements	26,851	(18,226)	-	8,625
Other Financing Sources:				
Transfer-In	-	2,500	\$ 25,348	27,848
Transfer-Out	(27,848)	-	-	(27,848)
Advances-In	5,000	8,400	-	13,400
Advances-Out	(8,400)	(5,000)	-	(13,400)
Total Other Financing Sources	(31,248)	5,900	25,348	-
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(4,397)	(12,326)	25,348	8,625
Fund Balance January 1, 2008	55,301	35,121	(24,104)	66,318
Fund Balance December 31, 2008	\$ 50,904	\$ 22,795	\$ 1,244	\$ 74,943
Reserve for Encumbrances, December 31, 2008	\$ 12,647	\$ 7,081	\$ -	\$ 19,728

See accompanying Notes to the Financial Statements.

VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - FIDUCIARY FUND TYPES
For the Years Ended December 31, 2009

	Fiduciary Fund Types
	Agency Funds
Non-Operating Receipts:	
Mayor's Court Receipts	\$ 82,568
Non-Operating Disbursements:	
Mayor's Court Disbursements	<u>82,568</u>
Excess of Receipts Over/(Under) Disbursements	-
Fund Balance January 1	<u>\$ 1,011</u>
Fund Balance December 31	<u><u>\$ 1,011</u></u>

See accompanying Notes to the Financial Statements.

VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - FIDUCIARY FUND TYPES
For the Years Ended December 31, 2008

	Fiduciary Fund Types
	Agency Fund
Non-Operating Receipts:	
Mayor's Court Receipts	\$ 79,517
Non-Operating Disbursements:	
Mayor's Court Disbursements	79,517
Excess of Receipts Over/(Under) Disbursements	-
Other Financing Sources/(Uses):	
Other Financing Sources	69
Excess of Receipts Over/(Under) Disbursements	69
Fund Balance January 1	\$ 942
Fund Balance December 31	\$ 1,011

See accompanying Notes to the Financial Statements.

**VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Peninsula, Summit County, (the Village) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government. Elected officials include six council members and a mayor. The Village provides general government services, including maintenance of Village streets, police services, and park operations. The Village contracts with Valley Fire District to provide fire protection and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed by the Auditor of State.

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. FUND ACCOUNTING

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

To account for the proceeds of specific revenue sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant special revenue funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax monies from the State of Ohio for construction, maintenance and repair of Village streets.

State Highway Improvement Fund – This fund receives gasoline tax monies from the State of Ohio for maintenance and repair of state highways in the Village.

Road Levy Fund – This fund receives tax proceeds from a special road levy for repair and maintenance of roads in the Village.

Police Levy Fund – This fund receives tax proceeds from a special police levy for the funding of the Village's police department.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

CVNP Fund - This fund receives federal grant proceeds for the Cuyahoga Valley National Park road project.

4. Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Agency Fund:

Mayor's Court Fund – This fund is used to account for the activity of the Village's Mayor's Court.

VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2009	2008
Demand Deposits	\$ 142,583	\$ 75,954
Certificate of Deposit	6,004	-
Total	\$ 148,587	\$ 75,954

Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 is as follows:

2009 Budgeted vs. Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 736,202	\$ 697,282	\$ (38,920)
Special Revenue	151,027	156,371	5,344
Capital Projects	-	87,364	87,364

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund	Appropriation Authority	Expenditures & Encumbrances	Variance
General	\$ 818,848	\$ 706,231	\$ 112,617
Special Revenue	162,830	100,344	62,486
Capital Projects	63,705	66,737	(3,032)

2008 Budgeted vs. Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 691,992	\$ 744,472	\$ 52,480
Special Revenue	159,168	148,081	(11,087)
Capital Projects	26,511	25,348	(1,163)

VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

3. **BUDGETARY ACTIVITY** – (continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Appropriation Authority	Expenditures & Encumbrances	Variance
General	\$ 830,408	\$ 758,116	\$ 72,292
Special Revenue	187,705	170,888	16,817
Capital Projects	-	-	-

Advances in and out are not required to be budgeted.

4. **PROPERTY TAXES**

Real property becomes a lien on January 1 preceding the October 1 date for which Village Council adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30. The tangible personal property taxes are being phased out through 2009.

The Summit County Auditor is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Village.

5. **LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The Village allows a 50% credit of income taxes paid to another municipality.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's income tax collection agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. **CAPITAL LEASES**

The Village has lease agreements as a lessee for financing the acquisition of office equipment and vehicles. The existing leases for police vehicles and a dump truck obtained in 2006 were paid off in 2008 and 2009. The Village entered into new leases: for two police vehicles in 2008 and another police vehicle in 2009. The future minimum lease payments and the net present value of minimum lease payments under these capital leases as of December 31, 2009 were as follows:

VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

6. CAPITAL LEASES – (continued)

<u>Year Ending Dec 31</u>	<u>Amounts</u>
2010	\$ 18,693
2011	14,854
2012	<u>3,954</u>
	37,501
Less: Amount representing interest	<u>(1,721)</u>
Present value of minimum lease payments	<u>\$ 35,780</u>

7. RETIREMENT SYSTEMS

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

The Ohio Revised Code prescribes contributions rates. The Village's OPERS members contributed 10% of their gross salaries in 2008 and 2009. The Village contributed an amount equal to 14% 2008 and 2009 of participant's gross salaries, respectively. The Village has paid all contributions required through December 31, 2009.

Police officers of the Village are members of the Ohio Police and Fire Pension Fund (OP&F), a state operated, cost sharing, multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits to plan members and beneficiaries.

The Ohio Revised Code prescribes contributions. The Village's OP&F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of the participant's gross salaries through December 31, 2009 and 2009 for police officers. The Village has paid all contributions required through December 31, 2009.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village also provides health insurance coverage to full-time employees through a private carrier.

**VLLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

The Village has a pending litigation in the Court of Common Pleas, Summit County, the settlement of which is estimated to range from \$20,000 to \$25,000.

10. COMPLIANCE

The Village's appropriation exceeded estimated resources, in violation of Ohio Revised Code Section 5705.39. Also, contrary to Ohio Revised Code Section 5705.36(A)(4), the Village had not amended estimated resources when its actual receipts fell below expectations and that deficiency caused estimated resources to fall below appropriations.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Village of Peninsula
Summit County
1582 Main Street
P.O. Box 177
Peninsula, Ohio 44264-0177

To the Village Council:

We have audited the financial statements of the Village of Peninsula, Summit County, Ohio (Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 24, 2010, wherein we noted the Village followed accounting practices prescribed or permitted by the Auditor of State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the Village in a separate letter dated May 24, 2010.

We intend this report solely for the information and use of management, Village Council and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris & Associates, Inc.

May 24, 2010

**VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-001 – Non-Compliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the City obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2008, the following funds' appropriations exceeded total estimated resources:

General Fund (\$83,115)

Special Revenue Funds:

Police Levy Fund (\$5,835)
Road & Bridge Fund (\$226)
Motor Vehicle License Tax Fund (\$5,630)
Drug Law Enforcement Fund (\$900)
Law Enforcement Education Fund (\$400)

At December 31, 2009, the following funds' appropriations exceeded total estimated resources:

General Fund (\$31,742)

Special Revenue Funds:

Street Construction Maintenance & Repair Fund (\$4,286)
Drug Law Enforcement Fund (\$10)

Capital Projects (\$63,705)

We recommend that the Village closely monitor its budget and make appropriate amendments as necessary, to prevent appropriations from exceeding total estimated resources.

Management Response:

The Clerk-Treasurer has hired a deputy clerk to handle the day to day operations, allowing the Clerk-Treasurer to direct time to the financial functions of the position.

VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS - CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2009-002 – Non-Compliance Citation

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriation, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, and the deficiency reduced the estimated resources below the level of appropriation.

At December 31, 2008, the following funds' appropriations exceeded total estimated resources:

Special Revenue Funds:
Police Levy Fund (\$10,849)
Road & Bridge Fund (\$5,494)

At December 31, 2009, the following funds' appropriations exceeded total estimated resources:

General Fund (\$38,920)

Special Revenue Funds:
Motor Vehicle License Tax Fund (\$1,632)
Drug Law Enforcement Fund (\$535)

We recommend that the Village closely monitor its receipts and make appropriate amendments as necessary, to prevent appropriations from exceeding total estimated resources.

Management Response:

The Management move of hiring a deputy Clerk-Treasurer will allow the Clerk-Treasurer the time to more closely monitor the financial status of the Village in a more timely manner.

**VILLAGE OF PENINSULA
SUMMIT COUNTY, OHIO
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No longer Valid, Explain
2007-001	Section 5705.41(B) Ohio Revised Code - Expenditures and encumbrances not to exceed appropriations	No	Partially corrected included in the management letter.
2007-002	ORC Section 5705.10 - Negative Fund Balance	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF PENINSULA

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2010**